

Message Text

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12-L

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 TRSE-00 L-02 SS-15 NSC-05

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FM USMISSION GENEVA

TO SECSTATE WASHDC FLASH 625

INFO AMEMBASSY LONDON PRIORITY

USMISSION EC BRUSSELS PRIORITY

C O N F I D E N T I A L GENEVA 902

E.O. 11652: GDS

TAGS: ETRA GATT

SUBJECT: GRAIN RESERVES NEGOTIATIONS AND STRUCTURE OF TNC

REF: (A) STATE 31753; (B) LONDON 2147

FOR SEIDMAN, WHITE HOUSE FROM MALMGREN

1. HIJZEN, CHIEF EC NEGOTIATOR, EXPLAINED TO MALMGREN LATE LAST NIGHT THAT ON BASIS MALMGREN-SOAMES DISCUSSION IN BRUSSELS SUNDAY, EC COUNCIL HAD DROPPED CONCEPT THAT ALL OF AGRICULTURE HAD TO BE DEALT WITH EXCLUSIVELY IN ONE AGRICULTURAL BODY IN THE TRADE NEGOTIATIONS COMMITTEE (TNC). IT WAS CONSEQUENTLY MADE POSSIBLE TO ALLOW USG AND OTHER NATIONS TO DISCUSS WHOLE OF TARRIF SCHEDULE, INCLUDING AGRICULTURAL CHAPTERS, IN A TARRIF GROUP, AND GENERAL TRADE QUESTIONS, INCLUDING AGRICULTURE, IN NTB GROUPS. HOWEVER, UNDER THIS COMPROMISE PROPOSAL THE EC HAD TO HAVE THE RIGHT TO ASK FOR SPECIAL CONSIDERATION OF THE AGRICULTURAL ISSUES FROM TIME TO TIME IN AN AGRICULTURAL CONTEXT. THIS WOULD ENSURE FOR THE USG THE RIGHT TO DISCUSS THE WHOLE RANGE OF TRADE ISSUES IN EACH BODY, BUT ALSO ENSURE THE RIGHT OF THE EC TO LOOK AT AGRICULTURAL ELEMENTS OF EACH ISSUE FROM THE POINT OF VIEW OF SPECIAL ASPECTS OF AGRICULTURE.

2. MALMGREN AND HIJZEN THEN, AD REFERENDUM AND ON PERSONAL BASIS ONLY, AGREED ON CREATION OF TARIFF WORKING PARTY, STANDARDS WORKING
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PARTY, SUBSIDIES WORKING PARTY, AND OTHER SUBSTANTIVE ISSUES WORK-

ING PARTIES, TO BE DETERMINED BY SUMMARY OF TNC CHAIRMAN LONG. IN ADDITION, AT HIJZEN'S REQUEST, IT WOULD BE NOTED THAT DISCUSSION WAS NEEDED OF CERTAIN AGRICULTURAL PRODUCT AREAS, SUCH AS GRAINS, MEAT, AND DAIRY, AND FOR THIS SPECIAL GROUPS WOULD BE NEEDED. (COMMENT: THIS, OF COURSE, WAS CONSISTENT WITH STANDING WASHINGTON POSITION ALLOWING ESTABLISHMENT CEREALS AND MEAT GROUPS, AND ALSO OF COMPROMISE PROPOSALS OF USDA. END COMMENT) HIJZEN SAID HE HAD TO HAVE COMMODITY GROUPS FOR PURPOSE OF COMPROMISE. TO ALLOW SPECIAL AGRICULTURAL REVIEWS TO TAKE PLACE FROM TIME TO TIME, THERE WOULD BE, IN PARALLEL WITH ALL OTHER WORKING PARTIES, WORKING PARTY ON AGRICULTURAL PROBLEMS, PRIMARILY BUT NOT SOLELY CONCERNED WITH SUB-GROUP ACTIVITIES ON GRAINS, MEAT, DAIRY, ETC.

3. THIS COMPROMISE MET U.S. INSTRUCTIONS BY ENSURING NON-EXCLUSIVE, PARALLEL TREATMENT OF AGRICULTURE. IT ENSURED THAT AGRICULTURE WOULD BE DEALT WITH IN CONJUNCTION WITH INDUSTRY, AS PROVIDED IN SECTION 103 OF THE TRADE ACT.

4. NEW INSTRUCTIONS FROM WASHINGTON (REFTEL A) EXPLAINED BY PHONE DURING NIGHT. MALMGREN MET WITH HIJZEN AT 07:30 GVA TIME TO PERSUADE HIJZEN TO GIVE UP REQUIREMENT OF GRAIN GROUP. HIJZEN CONCEDED HE COULD GIVE UP, FOR THE MOMENT, ESTABLISHMENT OF CEREALS GROUP IF NO OTHER SUB-GROUPS IN AGRICULTURE ESTABLISHED AT THAT TIME. INSTEAD, HE COULD KEEP TO COMPROMISE FORMULA ABOVE IF AGRICULTURAL WORKING PARTY ESTABLISHED, WITHOUT SAYING NOW MUCH ABOUT ITS FUTURE WORK. HE SUGGESTED, IN THIS CASE, TO EASE OBJECTIONS OF FRENCH, THAT WE SET UP ONE NTB WORKING PARTY, TO MEET ON SERIES OF NTB'S (PERHAPS IN SUB-GROUPS) AS DECIDED BY DIRECTOR GENERAL LONG. NONETHELESS, TARIFF AND NTB WORKING PARTIES WOULD BE ALLOWED TO GO INTO AGRICULTURAL ASPECTS, AND U.S. WOULD RETAIN ITS BASIC POSITION.

5. WE STRONGLY RECOMMEND APPROVAL THIS PROCEDURE. IT MEETS ALL OF U.S. OBJECTIVES, INCLUDING DESIRE IN MOST RECENT INSTRUCTION TO AVOID ESTABLISHMENT OF GRAINS GROUP. MELMGREN BELIEVES NO OTHER POSSIBLE ARRANGEMENT IS ANY LONGER NEGOTIABLE, AND FURTHER BELIEVES CONFRONTATION WOULD BE UNDESIRABLE SINCE ALL U.S. OBJECTIVES ARE MET.

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6. REQUIRE GUIDANCE OR APPROVAL BY NO LATER THAN 0900 WASHINGTON TIME, OR 1500 GENEVA TIME TODAY, WEDNESDAY, FEBRUARY 12. DALE

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